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SUBJECT: DEBT RELIEF FOR IRAQ: FOLLOW-UP

REF: A. RABAT 2082

[1](#)B. STATE 181094

[1](#)1. (SBU) Econ Counselor pursued the issue of Moroccan debt relief for Iraq in a November 16 meeting with Ambassador Mohammed Azerual, Director General for Arab and Islamic Affairs at the Ministry of Foreign Affairs. Azarwal noted that the GOM has been in repeated contact with Iraqi officials on debt relief, and that Minister of Finance Oualalou had discussed the matter with his Iraqi counterpart on the margins of this year's IMF meetings in Singapore. Azarwal stressed that there is no government-to-government debt between Morocco and Iraq; what is outstanding is approximately USD 30 million in debts owed to private companies (primarily in the textile field) from before the first Gulf War. Morocco paid off a portion of these companies' losses through export insurance policies that they had taken out, but the entire debt was not covered.

[1](#)2. (SBU) In Singapore, the two ministers agreed that Morocco would not pursue the debt, which Azerwal said the government had never done in any case. He added, however, that it would be necessary to "convince the companies" concerned to abandon their claims. Because the debt is private and not public, Azerwal said, Morocco had told Iraq that it would not be appropriate to notify the Paris Club of the agreement.

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